

Message Text

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44

ACTION EB-11

INFO OCT-01 ARA-11 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 EUR-25

RSR-01 /189 W

----- 088624

R 171100 Z MAY 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7709

INFO USMISSION GENEVA

AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

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E. O. 11652: N/ A

TAGS: ETRD, BR

SUBJECT: DISCRIMINATORY APPLICATION INTERNAL TAXES ON FRUIT

REF: STATE 66700

1. EMBASSY HAS PRESENTED AIDE MEMOIRE TO FONOFF MAKING REPRESENTATION OUTLINED REFTEL AND REQUESTING GOB TO HAVE BRAZILIAN STATES REMOVE DISCRIMINATORY APPLICATION OF ICM TURNOVER TAX ON US FRUIT IMPORTS. ARGUMENTS WERE BASED ON GATT ARTICLE III:2 AND MADE CLEAR THAT US WAS NOT PROTESTING EXEMPTION CURRENTLY GRANTED TO LAFTA COUNTRIES. IN MAKING PRESENTATION, EMOFFS NOTED THAT PRODUCTS IN QUESTION, APPLES AND PEARS, WERE SEASONAL ITEMS THAT DID NOT COMPETE WITH LAFTA IMPORTS. FONOFF OFFICIAL SAID US REQUEST WOULD HAVE TO BE CONSIDERED BY INTERESTED GOB AGANEICES, PARTICULARLY FINANCE MINISTRY, FOR REPLY .

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2. COMMENT: IF DEPARTMENT INTENDS TO RAISE FRUIT RESTRICTIONS DURING FORTHCOMING BILATERAL TRADE DISCUSSIONS WITH GOB, EMBASSY WOULD APPRECIATE BACKGROUND ON COMPETITIVE SITUATION FOR US PRODUCTS. WE NOTE THAT WHILE IMPORTS OF US APPLES IN RECENT YEARS HAVE BEEN PRACTICALLY NIL, IMPORTS OF US PEARS HAVE INCREASED. WE SHOULD ALSO ADDRESS QUESTION OF COMPETITION FROM FRANCE, ALSO SUBJECT TO ICM, WHOSE SHIPMENTS OF APPLES TO BRAZIL HAVE BEEN FAIRLY CONSTANT IN RECENT YEARS, AVERAGING AROUND \$2 MILLION PER YEARS SINCE 1968. THERE WOULD BE LITTLE UTILITY IN PRESSING ICM ISSUE IF OTHER NON- LAFTA COUNTRY WOULD BE MAIN BENEFICIARY.
ROUNTREE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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EO Systematic Review
30 JUN 2005

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